

MEMORANDUM

TO: Mayor Craig Brown and Members of Council

CC: City Manager Office, Executive Leadership Team, City Attorney Office

FROM: Sally Bakko, Director of Policy and Governmental Relations

DATE: December 15, 2023

RE: Legislative Report: Austin and Washington Update

Please find below an update on legislative activities in Austin and Washington. (*To access links below, control+click on link.*)

Gulf Coast Protection District (GCPD) Update

Governor Abbott Appoints Industry Representative to GCPD Board Of Directors

Governor Greg Abbott has appointed Sharon Hulkan to the Gulf Coast Protection District (GCPD) Board of Directors for a term set to expire on June 16, 2025, to fill the vacancy left by current board member Michael VanDerSnick (LyondellBasell) who resigned his seat due to retirement. Sharon Hulkan of Friendswood is the lead site manufacturing director for Dow Houston Hub Operations. She has worked for Dow since 1991, serving in various roles in Research & Development, EH&S Operations, Supply Chain Operations, Small Site Leadership, and Large Integrated Site Production Plant Leadership. She is treasurer of the Brazoria County Petrochemical Council and a board member of the East Harris County Manufacturers Association. The GCPD 11-member board of directors includes:

6 Governor-appointed Directors representing

- 1 representative for municipal interests (Sally Bakko),
- 2 representatives for Harris County (Morgan's Point Mayor Michel Bechtel, Bob Mitchell),
- 1 representative for ports (Port of Houston Executive Director Roger Guenther),
- 1 representative for environmental interests (Lori Traweek), and
- 1 representative for industry (Sharon Hulkan).

5 County-appointed Directors – Harris (Commissioner Adrian Garcia), Galveston (Roger Quiroga), Chambers (Commissioner Billy Combs), Jefferson (Allan Ritter), and Orange County (Commissioner Kirk Roccaforte) Commissioners Courts select one representative for their jurisdiction.

San Jacinto Region 6 Regional Flood Planning Group Update

Proposed Flood Infrastructure Fund Intended Use Plan Important Highlights

The San Jacinto Region 6 Regional Flood Planning Group (SJRFPG) received a presentation on the recently posted Texas Water Development Board (TWDB) [Proposed Flood Infrastructure Fund \(FIF\) SFY 2024-2025 Intended Use Plan \(IUP\)](#), which includes information on eligibility, minimum standards, program timeline, financial assistance categories, prioritization criteria, and additional information. Comments on the IUP should be submitted to FIF@twdb.texas.gov by **January 1**.

Proposed IUP highlights:

- Distributes \$375M (\$625M appropriated by 88th legislative session) for 2024-2025
 - Combination of grants and 0% interest loans – 50 percent grants; 50 percent loans.

- Max total grant allocation is 50% (\$187,500,000)
- Max single project grant application is 10% (\$18,750,000)
- Grant/loan percentage is based primarily on AMHI (income), with some consideration for rural and nature-based solutions.
- Only Flood Management Evaluations, Flood Mitigation Projects, and Flood Management Strategies recommended in the July 14, 2023 Amended Regional Flood Plans are eligible for funding.
 - Flood Management Evaluations (FMEs)
 - Watershed Studies, feasibility assessments, flood control planning
 - FEMA FIRM Mapping is NOT eligible
 - Design is NOT eligible
 - Flood Mitigation Projects (FMPs)
 - Design and construction of projects – structural or non-structural
 - Flood Management Strategies (FMSs)
 - Policies and regulations, buyouts, public outreach, flood warning systems
- There will be a two-step application process: Abridged and Complete Applications.
 - The Abridged Application opening will be posted in the next couple of weeks and will provide a 3-month deadline for submission.
 - Following the abridged application deadline, TWDB will score abridged applications based on:
 - 1) criteria and methodology anticipated to be used in ranking projects for the 2024 State Flood Plan; 2) Prioritization Criteria listed in the IUP.
- For federal matching funds, applicant must have an existing federal award (e.g. FMA FY 2019-2022 may receive 70% grant for local match)

The following are City of Galveston FMPs, FMEs, and FMSs recommended in the [San Jacinto Region 6 Amended Regional Flood Plan](#):

City of Galveston FMPs

- *37th Street Improvement Project* – storm sewer improvements coupled with implementing a stormwater pump station to addressing 100-year event flooding and improve access to major evacuation routes (estimated cost: \$75 million)
- *Land Use Mapping* - Develop proposed land use mapping to allow easier consideration of hazards (estimated cost: \$11,000)
- *Freeboard Requirement Enforcement* - Consider adoption and enforcement of freeboard requirement into City's Flood Damage Prevention Ordinance (estimated cost: \$100,000)

City of Galveston FMEs

- *Master Drainage Study* - City wide drainage and flood risk reduction planning study of Galveston to include Atlas 14 rainfall. (estimated cost: \$1,000,000)
- *Coastal Road Elevation* - Elevate coastal roads to better protect the public during evacuation and to protect the roads from flood damage, where technically feasible. (estimated cost: \$1,000,000)
- *Shoreline Protection* - Further study and FMP development of a proposed shoreline protection for areas prone to coastal erosion. (estimated cost: \$50,000)
- *Dune Restoration* - Study of dune system to determine needs and flood damage reduction potential of restoration. (estimated cost: \$1,000,000)

City of Galveston FMSs

- *NFIP CRS Rating* – maintain membership of the NFIP's CRS (estimated strategy cost: \$10,000)
- *Floodplain Manager Increase* - Increase and maintain number of floodplain managers in the building division through training and certification. (estimated cost: \$10,000)

- *SRL and RL Property Mitigation* - Elevation, acquisition or other mitigation of identified Repetitive Loss (RL) and Severe Repetitive Loss (SRL) properties and structures damaged by flooding. (estimated cost: \$80,000)

Austin Update

Texas Windstorm Insurance Association (TWIA) Board Adopts FY 2024 Budget

During a meeting in Corpus Christi this week, the Texas Windstorm Insurance Association (TWIA) Board of Directors acted on the following items of interest:

- **2024 Budget:** The Board voted to approve the 2024 TWIA budget. The budget projects that policies in-force will increase to nearly 265,000 by the end of 2024. Direct written premiums are projected to grow to just over \$815 million by the end of 2024. Reflecting this growth, the 2024 budget increases net operating expenses to \$40.2 million compared to \$35.2 million in the 2023 budget. While TWIA's operating budget is increasing, TWIA's budgeted expense ratio (operating expense as a percentage of earned premiums) will fall from 6.5 percent to 5.4 percent. The budget projects a balance of \$461 million in the Catastrophe Reserve Trust Fund at the end of 2024, up from the current \$278 million. The adopted 2024 budget does not anticipate a premium rate increase.
- **Insurance Agent Commissions:** The Board voted to take no action regarding commissions paid to insurance agents who write TWIA policies. These commissions are currently set at 16 percent for both new and renewal policies.
- **Automatic Adjusted Building Cost Endorsement:** The Board received a staff update on Automatic Adjusted Building Cost Factors. The Automatic Adjusted Building Cost Endorsement increases the amount of coverage on a TWIA residential policy to reflect changes in building costs at the time a policy is renewed. Most TWIA policy renewal offers will automatically increase the policy's limit of liability by about 12 to 13 percent at the time of renewal beginning in April 2024. For Galveston, this increase will be 12.9 percent.

Comptroller Reports 88th Texas Legislature Highlights

The Texas Comptroller's Office posted a [Regular Session Wrap-Up of the 88th Texas Legislature](#) that highlights significant legislation and also provides an [analysis of property taxes and actions taken by legislators](#).

Washington Update

FY 2024 Appropriations Update

- **FY 2024 Transportation, Housing and Urban Development (THUD) Appropriations bill**

The THUD appropriations bill is the legislative vehicle that holds the transit, community development, and HOME program formula funds received by the City of Galveston. The Senate has passed their version of the FY 2024 THUD Appropriations bill, while the House has struggled to act on their bill due to disagreements over Amtrak funding cuts.

- **Continuing Resolution (CR) and Full Year Appropriations Status**

The House adjourned for the Christmas holiday recess with no further action on government funding bills. The Senate continues negotiations and possible action next week on border security issues and the supplement appropriations for Ukraine and Israel. House and Senate leaders remain far apart on the total allocations appropriators must have so the dozen subcommittees can wrap up their appropriations bills. Without agreement on "topline" spending levels, legislators remain at an impasse and the likelihood of partial government shutdown increases. To avoid the first of two shutdown deadlines (January 19th),

agreement needs to be reached on: 1. total defense funding limit; 2. total non-defense discretionary funding limit; 3. Rules for policy add-ons; 4. “emergency” spending consideration. In addition, with House leadership opposed to another short-term CR and the traditional “omnibus” bundling of a dozen annual spending bills, there needs to be an agreement on how to package appropriations bills.

House members aren’t scheduled to return from the Christmas recess until January 9th, while the Senate will return on January 8th.

US Department of Interior WaterSMART Program Grant Opportunity

The US Department of Interior (USDOI) is accepting applications for its WaterSMART Water and Energy Efficiency grant program. The WaterSMART program supports projects seeking to conserve and use water more efficiently, increase renewable energy production, mitigate future water challenges, and allow on-farm improvements. Eligible applicants include local and state governments, Tribal governments, water districts, and certain non-profit and private sector entities.

Eligible water conservation projects include:

- canal lining/piping;
- municipal water metering;
- irrigation flow management;
- supervisory control and data acquisition and automation (SCADA);
- landscape irrigation measures;
- high-efficiency indoor appliances and fixtures; and
- commercial cooling systems

Click [here](#) for more information about the WaterSMART program. Applications must be submitted by **4:59 PM CST on February 22, 2024**.

US Department of Transportation Transit Capital Investment Grant Opportunity

The US Department of Transportation (USDOT) is accepting applications for its Federal Transit Capital Investment Grant (CIG) program. The CIG program will provide funding to state and local governmental entities to support transit-related capital investment projects, including heavy rail, commuter rail, light rail, streetcars, ferries, bus rapid transit (BRT), and corridor-based BRT that emulates rail features.

The CIG program is broken into three subprograms:

- **Part A – New Starts:** fixed guideway-related projects;
- **Part B – Small Starts:** fixed guideway-related projects and corridor-based BRT programs operating in mixed traffic; and
- **Part C – Core Capacity Improvements:** corridor-based investments to improve transit capacity by at least ten percent.

Eligible project costs may include: (1) acquiring real property, rights-of-way, and system rolling stock; (2) double tracking; (3) electrification; (4) signalization and platform expansion and improvements; (5) constructing infill stations; and (6) interest and other financing costs necessary to carry out the project within a reasonable time.

For more information about the CIG program click [here](#). USDOT is accepting CIG applications on a **rolling basis**.

House Passes Short-term FAA Authorization Extension

This week, the House passed H.R. 6503, the *Airport and Airway Extension Act of 2023, Part II*. H.R. 6503 is a clean extension of the Federal Aviation Administration’s (FAA) authorities through March 8, 2024, in the absence of Congress enacting a long-term FAA reauthorization bill by December 31, 2023. The House’s long-term FAA reauthorization bill, the *Securing Growth and Robust Leadership in American Aviation Act*

(H.R. 3935), [was approved by the House on July 20, 2023](#). The Senate has not passed their version of an FAA reauthorization. However, Senator Ted Cruz did seek to bring up the House-passed FAA bill for Senate floor consideration, but faced objection to quick passage of FAA reauthorization in lieu of continued supplemental negotiations and possible action next week.

Reports of Interest

[Artificial Intelligence in Natural Hazard Modeling: Severe Storms, Hurricanes, Floods, and Wildfires](#)

GAO-24-106213, December 14

[COVID-19 Relief: Treasury Could Improve Its Administration and Oversight of State and Local Fiscal Recovery Funds](#)

GAO-24-106027, December 14

[FTA Drug & Alcohol Program Newsletter](#)

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